

Article 7.

North Carolina State Lottery Fund.

**§ 18C-160. North Carolina State Lottery Fund.**

An enterprise fund, to be known as the North Carolina State Lottery Fund, is created within the State treasury. The North Carolina State Lottery Fund is appropriated to the Commission and may be expended without further action of the General Assembly for the purposes of operating the Commission and the lottery games. (2005-344, s. 1.)

**§ 18C-161. Types of income to the North Carolina State Lottery Fund.**

The following revenues shall be deposited in the North Carolina State Lottery Fund:

- (1) All proceeds from the sale of lottery tickets or shares.
- (2) The funds for initial start-up costs provided by the State.
- (3) All other funds credited or appropriated to the Commission from any source.
- (4) Interest earned by the North Carolina State Lottery Fund. (2005-344, s. 1.)

**§ 18C-162. Allocation of revenues.**

(a) The Commission shall allocate revenues to the North Carolina State Lottery Fund in order to increase and maximize the available revenues for education purposes, and to the extent practicable, shall adhere to the following guidelines:

- (1) At least fifty percent (50%) of the total annual revenues, as described in this Chapter, shall be returned to the public in the form of prizes.
- (2) At least thirty-five percent (35%) of the total annual revenues, as described in this Chapter, shall be transferred as provided in G.S. 18C-164.
- (3) No more than eight percent (8%) of the total annual revenues, as described in this Chapter, shall be allocated for payment of expenses of the Lottery. Advertising expenses shall not exceed one percent (1%) of the total annual revenues.
- (4) No more than seven percent (7%) of the face value of tickets or shares, as described in this Chapter, shall be allocated for compensation paid to lottery game retailers.

(b) To the extent that the expenses of the Commission are less than eight percent (8%) of total annual revenues, the Commission may allocate any surplus funds:

- (1) To increase prize payments; or
- (2) To the benefit of the public purposes as described in this Chapter.

(c) Unclaimed prize money shall be held separate and apart from the other revenues and allocated as follows:

- (1) Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.
- (2) Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance with G.S. 18C-164(c). (2005-344, s. 1; 2005-276, s. 31.1(r); 2007-323, s. 5.2(c); 2009-357, s. 12.)

**§ 18C-163. Expenses of the Lottery.**

(a) Expenses of the Lottery may include any of the following:

- (1) The costs incurred in operating and administering the Commission, including initial start-up costs.
  - (2) The costs resulting from any contracts entered into for the purchase or lease of goods or services required by the Commission.
  - (3) A transfer of one million dollars (\$1,000,000) annually to the Department of Health and Human Services for gambling addiction education and treatment programs.
  - (4) The costs of supplies, materials, tickets, independent studies and audits, data transmission, advertising, promotion, incentives, public relations, communications, bonding for lottery game retailers, printing, and distribution of tickets and shares.
  - (5) The costs of reimbursing other governmental entities for services provided to the Commission.
  - (6) The costs for any other goods and services needed to accomplish the purposes of this Chapter.
- (b) Expenses of the lottery shall also include all of the following:
- (1) A transfer of two million one hundred thousand dollars (\$2,100,000) annually to the Department of Public Safety, Alcohol Law Enforcement Branch, for gambling enforcement activities.
  - (2) Advertising costs. (2005-344, s. 1; 2005-276, s. 31.1(s); 2015-241, s. 5.2(c); 2017-57, s. 5.3(b).)

**§ 18C-164. Transfer of net revenues.**

(a) The funds remaining in the North Carolina State Lottery Fund after receipt of all revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes and expenses, excluding balance sheet adjustments or prior-period expense adjustments necessary to implement changes in accounting methods or accounting standards, shall be considered to be the net revenues of the North Carolina State Lottery Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred at least four times a year to the Education Lottery Fund, which shall be created in the State treasury.

(b) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017.

(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an amount equal to the amount appropriated from the Education Lottery Fund in the Current Operations and Capital Improvements Appropriations Act of 2017.

(b2) The Office of State Budget and Management shall transfer any net revenues remaining in the Education Lottery Fund after the appropriations made pursuant to subsection (b1) of this section to the Education Lottery Reserve Fund, a special revenue fund, necessary to maintain a minimum balance in an amount equal to five percent (5%) of net revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous fiscal year.

(b3) Any net revenues remaining after appropriation pursuant to subsection (b1) of this section and transfer pursuant to subsection (b2) of this section are hereby appropriated to the Needs-Based Public School Capital Fund.

(b4) Notwithstanding subsection (b2) of this section, the minimum balance of the Education Lottery Reserve Fund may be less than the amount equal to five percent (5%) of net revenue credited to the Education Lottery Fund from the State Lottery Fund during the previous fiscal year if funds are necessary to meet the amount of net revenues appropriated pursuant to subsection (b1) of this section.

(c) The General Assembly shall appropriate the remaining net revenue of the Education Lottery Fund annually in the Current Operations Appropriations Act for education-related purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the Legislative Services Commission. A security interest shall not be granted in funds appropriated pursuant to this subsection.

(d) Repealed by Session Laws 2013-360, s. 6.11(c), effective June 30, 2013.

(e) If the actual net revenues are less than the appropriation provided in subsection (b1) of this section for that given year, then the Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal the appropriation provided by subsection (b1) of this section.

(f) Repealed by Session Laws 2017-57, s. 5.3(c), effective July 1, 2017. (2005-344, s. 1; 2005-276, s. 31.1(t); 2006-259, s. 8(e); 2013-360, s. 6.11(c); 2014-100, s. 5.2(e); 2016-94, s. 5.1(b); 2017-57, s. 5.3(c); 2018-5, ss. 5.2, 5.3(b).)

**§§ 18C-165 through 18C-169:** Reserved for future codification purposes.